

Health Care

	<u>Current Benefit</u>	<u>Restructured Benefit</u>
Administrative and General Government – Retirees (MERS)	<ul style="list-style-type: none"> If retired at age 58 or at 30 years of service, retiree pays 100% of COBRA until age 62 then 10% co-share from age 62-65 until Medicare eligible 	Change in plan design but 100% paid by employees (2 participants)
Fire Retirees	<ul style="list-style-type: none"> Receive co-insurance reimbursement if after retirement they are employed and covered by a plan equivalent to the City's plan Retirees after 6/30/79 are covered until they are eligible for Medicare or Federally subsidized program (does not include Dental, Vision or Prescription plan) Retirees after 7/1/05 receive full coverage for the surviving spouse (until Medicare eligible) and children (until age 25) when the retiree dies as a result of job-related illness or injury HRA covers first \$1,000 deductible Plan design (see sheet) 	<ul style="list-style-type: none"> No post-65 benefits paid by the City No co-insurance reimbursement No HRA effective 8/1/11 Plan design changes: moving to 60/80 Healthmate plan (see sheet) 20% retiree co-share Prospective only effective 7-1-11 (except if notice of intention to retire received by 6-30-11), retirees may elect individual or family coverage but for family coverage, retirees are required to pay the full difference in premiums in addition to the 20% co-share for individual coverage Family coverage ends upon the retiree attaining age 65 (even if dependents are still under 65)

Police Retirees	<ul style="list-style-type: none">• Receive co-insurance reimbursement if after retirement they are employed and covered by a plan equivalent to the City's plan• Retirees between July 1, 1977 and June 30, 1990, and those retiring after June 30, 1990 who were employed prior to July 12, 1972 and have not paid into Social Security to make them eligible for Medicare, receive City coverage for life. (Coverage does not include prescription drug, student coverage, vision and dental)• Retirees after July 1, 1990 who qualify for Medicare are covered until age 65. (Coverage does not include prescription drug, student coverage, vision and dental)• Retirees during the contract period of July 1, 2006 through June 30, 2009 pay medical insurance co-share as specified in the contract• HRA covers first \$1,000 deductible• Plan design (see sheet)	<ul style="list-style-type: none">• No post-65 benefits paid by the City• No co-insurance reimbursement• No HRA effective 8/1/11• Plan design changes: moving to 60/80 Healthmate plan (see sheet)• 20% retiree co-share• Prospective only effective 7-1-11 (except if notice of intention to retire received by 6-30-11), retirees may elect individual or family coverage but for family coverage, retirees are required to pay the full difference in premiums in addition to the 20% co-share for individual coverage• Family coverage ends upon the retiree attaining age 65 (even if dependents are still under 65)
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The City will provide HRA Benefits to employees who retired prior to August 1, 2011 as set forth on the following pages.

The City and retirees' counsel have reached a settlement in principal with counsel to the retirees to provide certain qualified retirees with funded HRA accounts. That agreement still needs to be ratified by the retirees in order to be enforceable. If and when such an agreement is ratified and executed, the Second Amended Plan will be modified in order to incorporate the agreement by referenced.

Plan Concerning Health Care for Retirees and Survivors Who Were Enrolled in the City's Health Insurance Plan on August 1, 2011, and either (i) Were 65 Years of Age on August 1, 2011, or (ii) Shall Turn 65 Years of Age Between August 1, 2011 and June 30, 2016

The City of Central Falls will create employer-sponsored plans for retirees and survivors who were enrolled in the City health insurance plan on August 1, 2011 and either (i) were 65 years of age on August 1, 2011, in which instance they would qualify for HRA Plan 1, or (ii) shall turn 65 years of age between August 1, 2011 and June 30, 2016, in which instance they would qualify for HRA Plan 2.

HRA PLAN 1: The City will establish as "HRA Plan 1," a \$2,400 plan year allowance in an Health Reimbursement Account (HRA) for those retirees and survivors who were (i) enrolled in the City's health insurance plan on August 1, 2011, and (ii) were 65 years of age on August 1, 2011. The City's obligation to fund HRA Plan 1 shall expire on June 30, 2016. A complete list of the retirees and survivors who qualify for HRA Plan 1 is annexed hereto as Exhibit 1.

HRA PLAN 2: The City will establish as "HRA Plan 2," a \$1,200 plan year allowance in an HRA for those retirees and survivors, who were (i) enrolled in the City's health insurance plan on August 1, 2011, and (ii) shall turn 65 years of age between August 1, 2011 and June 30, 2016. The retirees and survivors will receive a pro rata portion of the \$1,200 plan year allowance for the year in which they turn 65 years of age. The City's obligation to fund HRA Plan 2 shall expire on June 30, 2016. A complete list of the retirees and survivors who have qualified or will qualify for HRA Plan 2 is annexed hereto as Exhibit 2.

These employer-funded benefits may be used for qualified health care expenses and eligible services for the retiree and tax dependents as outlined in IRS Publication 502 below. London Health Administrators, Ltd. will administer the plan with all costs being borne by the City. Starting July 1, 2012, plan years will commence on July 1 and end on June 30 of each year. The plan prohibits rollovers of yearly allowances.

Retirees and survivors that do not qualify for HRA Plan 1 and HRA Plan 2 shall not be qualified for any health insurance benefits from the City.

Insurance Premiums

Qualified retirees and survivors can include in medical expenses insurance premiums that they pay for policies that cover medical care. Medical care policies can provide payment for treatment that includes:

- Hospitalization, surgical services, X-rays,
- Prescription drugs and insulin,
- Dental care,
- Replacement of lost or damaged contact lenses, and
- Long-term care (subject to additional limitations). See "Qualified Long-Term Care Insurance Contracts" under Long-Term Care, later.

If qualified retirees and survivors have a policy that provides payments for other than medical care, they can include the premiums for the medical care part of the policy if the charge for the medical part is reasonable. The cost of the medical part must be separately stated in the insurance contract or given to you in a separate statement.

IRS Publication 502 -

http://www.irs.gov/publications/p502/ar02.html#en_US_publink1000178947

Background information:

The Medicare wrap around is a "guaranteed issue" market so no questions on pre-existing conditions and the retirees can choose the plan that best fits them. There are Medicare HMO plans at \$0/month. They could choose that and save their money to pay office visits or deductibles. For BCBS HMO plans on individual market, see:

<https://www.bcbsri.com/BCBSRIWeb/plansandservices/pdf/BMED2012SalesBrochure.pdf>

Retirees and survivors can also see the wrap around plans that they can choose from on the BCBSRI website. <https://www.bcbsri.com/BCBSRIWeb/plansandservices/PlansforPeoplewithMedicare/index.jsp> and click on Plan 65 for Individuals.

EXHIBIT 1

Exhibit 1 HRA Plan 1 - Over 65 as of 8/1/2011 and on BCBS (8/1/11)						\$2400HRA
Title	Name, First	M.I.	Name, Last	Suffix	DOB	BCBS (8/1/11)
Mr.	Norman	J.	Thibeault		6/14/1924	Yes - Plan65
Mr.	Joseph	L.	Remy		1/27/1925	Yes - Individual
Mr.	Thomas	E.	Cawley	Jr.	8/26/1927	Yes - Family
Mr.	Maurice	R.	Bessette		7/19/1930	Yes - Family
Mr.	Douglas	E.	McDiarmid		10/28/1935	Yes - Family
Mr.	Walter	J.	Trembley		12/14/1936	Yes - Family
Mr.	Raymond	L.	Sullivan	Jr.	11/7/1937	Yes - Family
Mr.	Edward	W.	Foran		2/18/1938	Yes - Family
Mr.	Robert	E.	Bradley	Sr.	11/30/1938	Yes - Family
Mr.	James	F.	Meunier		7/10/1941	Yes - Family
Mr.	Matthew	G.	Dymian	Jr.	8/7/1941	Yes - Family
Mr.	Terrance		Hannaway	Jr.	9/24/1941	Yes - Family
Mr.	Howard	J.	Baskin		9/19/1942	Yes - Family
Mr.	Paul	A.	Lesieur		11/14/1943	Yes - Family
Mr.	Jeremiah	A.	O'Connor		6/8/1944	Yes - Family
Ms.	Laura		Haskell		4/7/1945	Yes - Plan65
Mr.	Daniel	F.	Cooney		2/8/1946	Yes - Family
Mr.	Richard	E.	Chagnon		2/11/1946	Yes - Family
Mr.	Walter	E.	Jameson		6/16/1946	Yes - Family

EXHIBIT 2

<u>Title</u>	<u>Name, First</u>	<u>M.I.</u>	<u>Name, Last</u>	<u>Suffix</u>	<u>DOB</u>	<u>BCBS (8/1/11)</u>	<u>\$1200 HRA</u>
Mr.	George	J.	Aisis		9/8/1948	Yes - Family	1,200.00
Mr.	Bruce	M.	Corrigan		8/28/1947	Yes - Family	1,200.00
Mr.	Gerald		Cournoyer		3/3/1947	Yes - Family	1,200.00
Mr.	Brian		Gardner		4/7/1947	Yes - Family	1,200.00
Mr.	Rene		Gendreau		9/21/1946	Yes - Family	1,200.00
Mr.	Frank	E.	Gendron		1/11/1949	Yes - Family	1,200.00
Mr.	Russell	J.	Gregory		6/23/1948	Yes - Individual	1,200.00
Mr.	Joseph		Laurie		4/21/1951	Yes - Family	1,200.00
Mr.	Raymond		Papineau		2/25/1949	Yes - Family	1,200.00
Mr.	Robert	G.	Salisbury		12/15/1949	Yes - Family	1,200.00
Mr.	Robert	J.	Tierney	Sr.	9/20/1947	Yes - Family	1,200.00
Mr.	Gerald		Turgeon		8/22/1946	Yes - Family	1,200.00
Mr.	Stephen	H.	Desjardin		1/16/1948	Yes - Family	1,200.00
Mr.	Thomas	S.	Jordan		8/1/1950	Yes - Family	1,200.00
Mr.	Rudolph		Legenza		8/21/1946	Yes - Family	1,200.00
Mr.	John		Leonard		9/30/1950	Yes - Family	1,200.00